THE HONOURABLE SHRI JUSTICE R.SUBHASH REDDY

WRIT PETITION No. 30534 OF 1998

Dated 28th March, 2007

Between:

M/s. Swathi Pipes Private Limited,
Near South Bye-Pass Road Junction,
Swathinagar, Ongole-01.

…Petitioner

And

Government of Andhra Pradesh,
Industries & Commerce (IP) Department,
represented by its Secretary, Secretariat
Buildings, Hyderabad and others.

…Respondents.

ORAL ORDER:

In this writ petition, the petitioner-company has questioned the action of the respondents in not extending the incentives notified by the Government for setting up new industries vide G.O.Ms.No.498, dated 16.10.1989 as illegal and arbitrary and to direct the respondents to extend such incentives to the petitioner-industry.

The petitioner has set up an industrial unit to manufacture rigid PVC pipes at Swathinagar, Ongole, Prakasam District. The petitioner filed application before the A.P.State Finance Corporation on 22.8.1989 for grant of term loan. But, the Government issued G.O.Ms.No.498, on 16.10.1989 notifying certain incentives, namely, investment subsidy, deferment/tax holiday, fixed capital investment etc. to attract new industrial units to the State. But, however, in the very same G.O. it is stated that only new industrial units which hold valid registrations/letters of intent and have taken steps for the first time on or after 3.10.1989 for project implementation such as applying for project finance, placing orders for any part of the machinery, commencement of constructions etc. would be eligible for the concessions.

In this case, it is the case of the petitioner that as much as the term loan was sanctioned by the A.P. State Finance Corporation in the meeting held on 20.10.1989 and disbursement of such loan amount was made in the month of November, 1989, the petitioner unit is entitled for incentives as notified in G.O.Ms.No.498, dated 16.10.1989.

However, in the counter affidavit filed on behalf of the respondents, it is stated that as much as implementation steps have

been taken by the petitioner prior to 3.10.1989 by filing application before the A.P.State Finance Corporation on 22.8.1989, the petitioner became ineligible for grant of incentives notified under the scheme.

When a similar issue as to the extension of incentives to the industries which applied for grant of loan amount earlier in point of time to the notified date came up for consideration in Writ Petition Nos. 6617 and 7519 of 1992, it was referred to the Full Bench and the Full Bench after consideration of the matter held that the industrial units which have taken any steps whatsoever for the purpose of construction of the factory prior to 3-10-1989 would not be entitled to the benefits of the scheme. In the case on hand, as much as the petitioner-industry had already taken steps by submitting an application for grant of loan on 22.8.1989 i.e. prior to the notified date, it is not entitled for incentives contemplated in G.O.Ms.No.498 dated 16.10.1989.

Accordingly, the writ petition is dismissed. No costs.

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28.3.2007

R.SUBHASH REDDY, J.

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